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FISCAL IMPACT STATEMENT

LS 7463

BILL NUMBER: HB 1572

NOTE PREPARED: Jan 13, 2013

BILL AMENDED:

SUBJECT: Terminate Choice Scholarship Program.

FIRST AUTHOR: Rep. Smith V

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill eliminates the Choice Scholarship grants to students enrolled in an eligible school.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The impact on the state would depend on whether the students currently receiving Choice Scholarships returned to public schools and future school formulas. The current school formula is repealed on June 30, 2013.

For FY 2012, the state spent an average of \$3,978 per student on Choice Scholarships. If the students had been counted in the school formula, the cost to the state could have been \$5,027 per student, a difference of \$1,049 per students. The saving in FY 2012, about \$4.2 M, was distributed to all public schools as a Choice Savings Special Distribution.

Background: The maximum number of scholarships for the 2011-2012 school year was 7,500 and the maximum number of scholarships for the 2012-2013 school year is 15,000. The following table reports the number of scholarships and value of those scholarships for FY 2012 and 2013.

| Fiscal Year | Number of Scholarships | Value of Scholarships |
|--------------------|-------------------------------|------------------------------|
| 2012 | 3,911 | \$ 15.6 M |
| 2013 | 9,130 | \$35.9 M |

For FY 2012, the state also made a Choice Savings Special Distribution to all schools. The payment was the difference between what the state would have spent in tuition support if the Choice Scholarship students had remained in public schools and what the state actually spent on Choice Scholarships times the percentage the school's tuition support is to the state total tuition support. For FY 2012, the distribution was about \$4.2 M. The special distribution has not been calculated for FY 2013.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact would depend on the number of Choice Scholarship students that return to public schools. The increased expenditures would be offset by increased state revenue for the public school.

Explanation of Local Revenues: *See Explanation of State Expenditures.*

State Agencies Affected: Department of Education.

Local Agencies Affected: Public Schools

Information Sources: Department of Education Databases.

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